Intermodal innovation: Still coming on strong

March 30, 1981

RAILWAY AGE

THE ERA OF THE GIANTS

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Inside

LUTHER S. MILLER

THE GLASSHOPPER—AND MORE

In the minds of many Americans, the railroads are somewhat akin to the elephants of India—cumbersome, slow-moving beasts that have been all but made obsolete by 20th century technology, though they can still perform some useful heavy work. As readers of this magazine know, that image (of America's railroads, if not India's elephants) is far from accurate. Railroads have not only caught up with the march of technology; in many cases they are in the vanguard, and every now and then something happens to make even the general public sit up and take notice. One such event took place a couple of weeks ago at St. Charles, Mo.

There, at the ACF car shop, a radically different freight mover was unveiled. The Glasshopper looks much like any other ACF covered hopper, but as our reporter points out, when you tap it, it doesn't clang—it clunks. That's because the car body is made out of fiberglass-reinforced polyester—"one of the largest load-carrying structures of its kind ever to be filament-wound." The picture on p. 56, showing the Glasshopper getting all wound up, must surely be one of the most remarkable we have published in our 105 years of reporting on freight-car developments.

There's further evidence in this issue that railroads and their suppliers are not content to seek tomorrow's markets with today's technology, and this is to be found in Gus Welty's update on the intermodal innovators (p. 34). Around a dozen efforts are now under way to come up with new and ever more fuel efficient ways to entice trailers and containers off the public highways and onto the railroads. One of them—the hybrid RoadRailer—is so far off the traditional technological path that many railroaders are looking at it askance. But it has proved itself in eastern trials, and is now ready for testing under rather more difficult conditions in the West.

Technology of a somewhat different kind is also revolutionizing the executive suites. In his cover story on the CSX merger (p. 26), third in our Era of the Giants series, Associate Editor Tom Kizzia describes the role that electronic gadgetry (as opposed to gimmickry) is playing in this unusual amalgamation. It's important, writes Tom, because "this whole modern approach to merger depends on centralizing information rather than people."

WITHOUT MARKETING, NOTHING

There is always, of course, the possibility that the railroads will find themselves all dressed up, technologically speaking, with nowhere to go. That's where the marketing role comes in, and in today's fast-changing regulatory climate it's more important than ever. Associate Editor Frank Malone contributes two insightful pieces on this subject. One (p. 52) is a cautionary tale; it comes out of some conversations Frank had with a quartet of brainy people at Kearney Management Associates. What they are saying is that if present railway managers in general, and marketing people in particular, don't exploit their new opportunities, it is entirely likely that outsiders will move in and do the job. Frank's other article (p. 42) tells how one railroad, Missouri Pacific, is and has been for years seizing marketing opportunities and turning them into bottom-line gold. There's no single key to MoPac's marketing success, but Jack Looney, general sales manager-market planning and development, identifies an important one: "Our transportation people want to know if our trains are meeting the needs of our marketing effort and if not, how to change schedules so they will."

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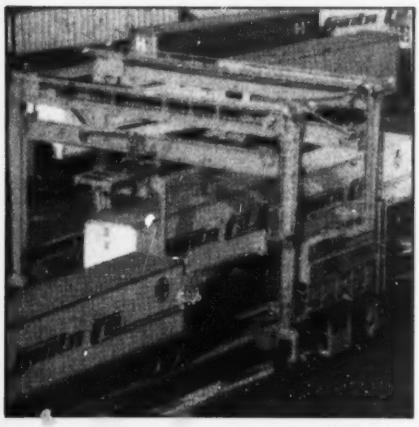

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A dozen new concepts are now in the revenue-service, testing, or design stages. All have a chance, because standardization is no longer all-important.

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A customer-oriented marketing approach has increased market share and improved commodity mix, even in recessionary times, says MP's Bill Farrell.

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It represents the most radical departure in freight-car design in many years—and there's already talk of a new plant capable of building 3,000 a year.

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COVER: Chessie and Family Lines trains were photographed by Roy H. Blanchard at triple overpass in Richmond, VA. Southern occupies lowest level.

Amtrak: How much smaller?

The Reagan Administration's proposed budget cuts for Amtrak would eliminate all rail passenger service outside the Northeast Corridor, Amtrak president Alan Boyd has told Congress. Amtrak would be left with hundreds of unneeded cars, including new Superliners that are too big to use in the corridor, and more than $350 million in contractual commitments, according to the carrier's analysis.

Those figures were disputed by newly-confirmed Federal Railroad Administrator Robert Blanchette. While affirming the budget figure of $613 million for fy 1982 (as opposed to the $970 million proposed by Amtrak), Blanchette said the necessary cutbacks would not be so drastic. FRA estimated between $150 million and $250 million would be available for operating top-priority routes outside the Northeast. "If aggressive pricing and marketing strategies are employed, even greater amounts could be available for operating other routes," Blanchette said.

Boyd broke down the $613 million figure in detail, to show Congress how most of the money was already committed.

—Existing contracts for purchase of 150 new Amfleet II cars and 47 high-speed electric locomotives for the Northeast Corridor would cost $130 million.

—Northeast Corridor operations absorb $250 million for infrastructure costs. Amtrak also faces a debt burden of $82 million on its infrastructure, which it has asked Congress to remove. Variable costs for the corridor operation amount to $188 million, offset by revenues of $178 million, for a net operating cost of $260 million.

—Labor protection would cost $200 million the first year if all operations outside the corridor were curtailed. (FRA, predicting that more service could be retained, set this figure correspondingly lower, but offered no precise estimates.)

—It would cost $25 million to settle contractual agreements for stations and computers.

Sum total: $615 million.

In defense of that figure, Blanchette said, "Outside of a few densely populated corridors, Amtrak is a relatively non-essential component of this nation's transportation system." Nor did it represent a "fall back" mode for intercity travel in the event of an oil shutoff, he said, because filling all available seats would only increase Amtrak's passenger share from 1% to 2%. He called for Amtrak to use "business-like procedures" when setting prices and shutting down routes.

Meanwhile, FRA has divorced itself from a proposal by the Office of Management and Budget that Amtrak meet 80% of its costs through operating revenues by 1985. Blanchette said that figure would be 50% for 1982 and would remain at that level for the near future.

After a week of hearings on Capitol Hill, it appeared Amtrak was finding a little more sympathy in the House of Representatives than in the Senate.

Cairo branch due for pruning

Conrail was ready to go to the ICC late in March with an application for abandonment of 143.8 miles of its Cairo branch between Lawrenceville and Cairo, Ill. The railroad had some impressive statistics to back up its petition: (1) Costs of operating the branch now exceed revenues by around $100,000 a month; (2) at least $3.8 million would be required for track maintenance "in the very near future;" (3) $12 million in extensive track rehabilitation would be required to raise train operating speed to 30 mph.

Last year Conrail moved 13,400 carloads of coal over the line.

Said G. M. Williams, Jr., assistant vice president-regional market development: "To provide service on that line that is compensatory to Conrail would require a substantial change in the current economic outlook, through increased traffic, higher rates, and lower operating costs. We realize the importance of rail service to the shippers on the Cairo branch, but in view of the amount of money Conrail is losing in the operation of this line, we see no other alternative but to abandon or sell it. If Conrail is to meet its Congressional mandate of self-sustainability, the railroad cannot continue to operate services at a loss."

Williams said Conrail is negotiating the sale of the line with several parties. He also said that Conrail's analysis had indicated that "100% of the current coal traffic and 94% of the rest of the freight carried on the line could be handled by the six railroads which cross the Cairo branch at nine locations."

Kearney finds barge charges too low

It will take a 38-cents-per gallon tax on marine diesel fuel—not the 30 cents proposed by the Reagan Administration—to cover federal costs of operating and maintaining the nation's shallow-draft waterways, according to a study released March 6 by A. T. Kearney, Inc.

The shallow-draft waterways (as opposed to the Great Lakes and coastal ports) are now subject to a 4-cents-a-gallon tax under Public Law 95-502 enacted during the Carter Administration. The Reagan Administration has proposed a 30-cents tax to become effective by fiscal year 1983.

Kearney has been serving as prime contractor to the U.S. Army Corps of Engineers for the National Waterways Study, which is designed to assess long-term waterways requirements.

Kearney's consultants estimated that a 38-cents tax would increase the cost of shipping coal by barge on the lower Mississippi by as much as 18% as compared with no tax. The same tax imposed on the relatively high costs of shipping coal on the Monongahela river would increase shipping cost by only 13%.

"Whatever tax is imposed," said the Kearney report, "barge carriers will pass on their higher costs to their customers. Ultimately, some diversion of traffic from barge transportation may take place, but this will depend in part upon the pricing policies of railroads in transporting coal."

Shipper costs of transporting coal by barge on selected rivers under alternative taxing schemes

(Mills/Ton-Miles)

River	No Tax	$.04/ Gallon	$.10/ Gallon	$.30/ Gallon	$.38/ Gallon
Ohio	5.7	5.8	5.9	6.3	6.5
Monongahela	9.4	9.6	9.8	10.4	10.6
Tennessee	6.7	6.8	6.9	7.4	7.6
Lower Mississippi	4.0	4.1	4.2	4.6	4.7

Source: A. T. Kearney, Inc.

Market

CARLOADINGS

Loadings of revenue freight in the week ended March 7 totaled 457,920 cars, according to the Association of American Railroads. This was an increase of 16,959 cars, or 3.8%, compared with the corresponding week last year. Ton-miles generated by carloadings in the week ended March 7 are estimated at 19.2 billion, an increase of 2.7% above the corresponding week of 1980.

REVENUE FREIGHT CARLOADINGS

Commodity	Mar. 7 week	Feb. 28 week	Feb. 21 week
Grain	33,314	29,937	30,201
Farm products	4,403	4,675	4,265
Metallic ores	26,718	26,012	24,983
Coal	130,847	130,515	125,823
Crushed stone, gravel & sand	11,307	11,193	9,944
Nonmetallic minerals	13,172	13,429	12,096
Grain mill products	15,279	16,383	16,257
Food and kindred products	16,410	17,447	16,497
Primary forest products	19,586	20,094	18,830
Lumber & wood products (except furniture)	8,806	9,547	8,581
Pulp, paper & allied products	20,881	21,486	20,403
Chemicals & allied products	28,380	29,615	27,712
Petroleum products	5,038	5,431	5,522
Stone, clay & glass products	14,619	14,436	13,346
Coke	6,183	6,502	6,211
Metals & products	17,337	18,908	17,481
Motor vehicles & equipment	17,702	18,050	17,108
Waste & scrap materials	13,100	13,054	13,018
Forwarder & shipping assn. traffic	11,559	11,743	10,320
All other carloads	42,816	44,657	40,598
LCL traffic	463	300	277
Total cars loaded	**457,920**	**463,414**	**439,467**
Cumulative total	1981		1980
10 weeks	**4,256,847**		**4,355,194**
Estimated revenue ton-miles (billions), 10 weeks	177.6		175.1

PIGGYBACK LOADINGS

U.S. piggyback loadings for the week ended Feb. 28 totaled 35,103 cars (1.2% above the corresponding 1980 week) and 63,776 trailers or containers, virtually the same as last year. Cumulative volume for the first 9 weeks of 1981 is 276,800 cars (down 6.8% from 1980) and 500,803 trailers or containers (down 6.8% from 1980).

CANADIAN CARLOADINGS

Canadian railway revenue freight loaded in the seven-day period ended Feb. 21, totaled 5.06 million tons (up 5.0% from 1980). Cars loaded totaled 75,132 (up 2.9% from 1980). Cumulative loadings for 1981 were up to 33.9 million tons (up 1.7% from 1980).

● *CP Rail.*—Awarded a $5.7-million contract to General Railway Signal for installation of computerized control systems at Toronto Yard (formerly Agincourt) in Ontario and at Alyth Yard in Calgary, Alta. The yards will continue to use existing car retarders and switch machines, but they will be controlled by the GRS computer systems.

● *Griffin Wheel Co.*—Plans to expand wheel production capacity by 20% at its Griffin Canada Inc. plant at Winnipeg, Man. The expansion, to be completed during the summer of 1982, reflects a growing demand for wheels in western Canada, according to Griffin President Cedric P. Voll.

● *New York City Transit Authority.*—Union Switch & Signal is the apparent low bidder on a $13.9-million wayside signaling order for NYCTA's Jamaica and Canarsie lines.

● *Freight cars and locomotives.*—The following report has been received from the AAR and the ARCI.

DELIVERED

	January 1981	January 1980	December 1980
Built new by carbuilders	5,064	7,365	5,151
Built new in RR shops	272	428	379
Built new—total	5,336	7,793	5,530
Rebuilt	35	107	13
TOTAL DELIVERED	**5,371**	**7,900**	**5,543**
Locomotives (new and rebuilt)	29	169	149

ORDERED

To be built new by carbuilders	2,147	6,310	4,722
To be built new in RR shops	0	0	0
To be built new—total	2,147	6,310	4,722
To be rebuilt	300	765	0
TOTAL ORDERED	**2,447**	**7,075**	**4,722**

ON ORDER AND UNDELIVERED

	February 1 1981	February 1 1980	January 1 1981
To be built new by carbuilders	44,219	109,776	47,136*
To be built new in RR shops	4,232	5,824	4,504
To be built new—total	48,451	115,600	51,640*
To be rebuilt	265	758	0
TOTAL ON ORDER	**48,716**	**116,358**	**51,640***
Locomotives (new and rebuilt)	524	1,287	665

*Revised